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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Salt Lake City, Utah 84180-1203
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November 27, 1991

Mr. L.B. Giles
Holnam Incorporated
Devils Slide Plant
Auxiliary Route No. 3
Morgan, Utah 84050

Dear Mr. Giles:

Re: Reclamation Surety, Holnam Inc., Devils Slide Quarry,
M/029/001, Morgan County, Utah

The Division received a letter dated September 9, 1991 from Johnson & Higgins of Michigan, Inc. regarding the reclamation surety for the Devils Slide Quarry. The letter discussed the replacement of Bond No. 1 for the sum of \$141,000 within the near future. As of this date the Division has not received any further notice in this regard.

The Division has updated the surety estimate for this mine operation and the Poverty Point operation. The new surety amount for the Devils Slide Quarry is \$147,800 (1997 \$'s). Please find copies of the revised reclamation surety estimates for both of these operations attached. Since it will be 1992 before these matters can be taken before the Board of Oil, Gas and Mining, the estimates have been escalated five years forward from 1992. The old reclamation surety will be released when the Board approves of the amount and form of replacement surety.

If you have any questions regarding these matters, please contact me or Tony Gallegos of the Minerals staff. For your future reference, Mr. Frank Filas is no longer employed by the Division.

Sincerely,

D. Wayne Hedberg
Permitting Supervisor
Minerals Regulatory Program

Attachments

cc: Mr. Richard Seamen, Johnson & Higgins
Lowell Braxton, DOGM
Tony Gallegos, DOGM
M045012 & M029001

SURETY ESTIMATE UPDATE

Holnam Incorporated/Dundee Cement Company

Devils Slide Quarry

M/029/001

Morgan County

Prepared by Utah Division of Oil, Gas & Mining

Last Update November 27, 1991

DESCRIPTION:

- Original reclamation surety was estimated in 1987 as \$141,000 (1992-\$)
- Disturbed area in original estimate was 78.7 acres
- Final approval of transfer & amount & form of surety granted 10-25-90
- The unreclaimed disturbance in the 1990 annual report = 79 acres
- Adjusting original estimate for new acreage gives \$128,000 (1987-\$)
- This matter will not go before the board until 1992 => escalate to 1997-\$
- Escalation factors through 1990 are actual Means Historical Cost Indices

CALCULATIONS	<u>YR</u>	<u>ESCAL FACTOR</u>	<u>BOND AMOUNT</u>
$F = P(1 + i)^{**n}$	1986	0.0210	0
	1987	0.0195	128,000
F = Future Sum	1988	0.0181	130,317
P = Present Sum	1989	0.0177	132,623
i = Escalation Factor	1990	0.0077	133,645
n = number of periods	1991	0.0145	135,582
	1992	0.0145	137,548
Three Yr Average = 1.45%	1993	0.0145	139,543
Used to Project 5 Yrs	1994	0.0145	141,566
Into the Future	1995	0.0145	143,619
From the Year 1992	1996	0.0145	145,701
	1997	0.0145	147,814
Updated Surety Amount (1997-\$)			\$147,814
UPDATED SURETY AMOUNT ROUNDED (1997 DOLLARS)			\$147,800
Average cost per acre =		\$1,871	